

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY PARIS IMMEDIATE

C O N F I D E N T I A L STATE 134279

FOR THE HONORABLE ARTHUR F. BURNS, CHAIRMAN, FEDERAL
RESERVE BOARD

MR. COYNE HAS DISTRIBUTED YOUR DENIAL RELATING TO THE WALL
STREET JOURNAL ARTICLE TO THE PRESS. THE JOURNAL PLANS TO PUBLISH
THE DENIAL IN TUESDAY'S EDITION. WE HAVE HAD NO INQUIRIES ABOUT
TODAY'S WALL STREET JOURNAL ARTICLE.

THE SENATE VOTED TODAY TO CONFIRM DANIEL P. MOYNIHAN TO BE
AMBASSADOR TO THE UNITED NATIONS.

AMBASSADOR KINGDON GOULD HAS SENT YOU THE FOLLOWING MESSAGE
REGARDING YOUR VISIT TO AMSTERDAM: QTE THANK YOU FOR YOUR
MESSAGE, AM LOOKING FORWARD VERY MUCH TO SEEING YOU NEXT WEEK.
EMBASSY OFFICER WILL MEET YOU WHEN YOU ARRIVE IN AMSTERDAM ON
JUNE 12 AND BE OF ANY ASSISTANCE YOU MAY NEED. WOULD YOU ADVISE
US OF YOUR FLIGHT TIME AND NUMBER? I WOULD BE DELIGHTED IF
YOU COULD ACCEPT AN INVITATION TO AN INFORMAL DINNER AT THE
RESIDENCE ON THURSDAY NIGHT OR, ALTERNATIVELY, TO AN INFORMAL DINNER
WE ARE GIVING THE FOLLOWING NIGHT (JUNE 1) FOR SECRETARY OF THE
AIR FORCE MCLUCAS. WARM REGARDS. KINGDON GOULD. UNQTE.

THE DOLLAR ADVANCED IN EARLY EUROPEAN TRADING TODAY, PARTLY ON
THE NEWS OF BELGIUM'S DECISION TO PURCHASE THE U.S. MADE FIGHTER
PLANE. LATER IN THE DAY THE DOLLAR TENDED TO EASE BACK, LEAVING
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NO NET GAIN ON THE DAY AGAINST A WEIGHTED AVERAGE OF MAJOR
FOREIGN CURRENCIES. THE SYSTEM PURCHASED DOLS 10 MILLION EQUI-
VALENT OF MARKS AND SMALL AMOUNTS OF GUILDERS, BELGIAN FRANCS,

AND SWISS FRANCS. GOLD ROSE 10 CENTS TO DOLS 165.35.

PRELIMINARY, FULL-SAMPLE RETAIL SALES FIGURES FOR APRIL, SEASONALLY ADJUSTED, SHOW A RISE OF 1.2 PERCENT FROM MARCH, INSTEAD OF THE 1.4 PERCENT INDICATED BY THE PARTIAL SAMPLE FIGURES. WITHIN THIS SMALLER OVERALL INCREASE SALES AT DURABLE GOODS STORES ARE NOW INDICATED TO HAVE RISEN CONSIDERABLY MORE THAN INDICATED EARLIER WHILE SALES AT NONDURABLE GOODS STORES ARE NOW INDICATED TO HAVE BEEN ABOUT UNCHANGED. SALES AT THE GAF GROUPING OF STORES WERE UP 1.8 PER CENT IN APRIL, ONLY A LITTLE LESS THAN INDICATED EARLIER. THE AVERAGE CONTRACT INTEREST RATE ON NEW COMMITMENTS FOR 80 PER CENT CONVENTIONAL HOME MORTGAGES AT SELECTED S&O'S WAS UNCHANGED AT 8.90 PER CENT IN THE WEEK ENDING JUNE 6. FUNDS WERE REPORTED TO BE IN ADEQUATE SUPPLY BY ALL OF THE FHLB DISTRICTS.

FUTURE PRICES FOR SOYBEANS, CORN, AND WHEAT DECLINED FURTHER LAST WEEK IN RESPONSE TO PROSPECTS FOR GOOD CROPS. LIVE BEEF CATTLE AND HOG FUTURES CONTINUED TO RISE, ALONG WITH STRONG CASH PRICES, WHILE PORK BELLIES ENDED THE WEEK MIXED.

SEVERAL MAJOR BANKS AROUND THE COUNTRY REDUCED THEIR PRIME LENDING RATE TO 7 PER CENT TODAY, FOLLOWING FIRST NATIONAL CITY BANK'S REDUCTION TO 6-3/4 PER CENT ON FRIDAY. THERE WERE NO REPORTS OF REDUCTIONS TO 6-3/4 PER CENT BY OTHER MAJOR BANKS.

PRICES OF GOVERNMENT AND CORPORATE BONDS POSTED SIZEABLE GAINS TODAY AS FAIRLY GOOD DEMAND ENCOUNTERED RELATIVELY LIMITED DEALER SUPPLIES. THE BILL MARKET WAS ALSO FIRM, WITH THE 3-MONTH BILL DECLINING 9 BASIS POINTS TO 5.12 PER CENT AND THE DESK ABSORBED A MODERATE AMOUNT OF RESERVES THROUGH TRANSACTIONS WITH FOREIGN OFFICIAL ACCOUNTS. THE DOW JONES INDUSTRIALS FELL 9.54 POINTS TO A LEVEL OF 830 TODAY. KISSINGER

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